



United States  
Department of  
Agriculture

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**TO:** USDA Members of the Senior Executive Service  
**FROM:** John Surina  
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*fn*  
**SUBJECT:** 2004 Career Senior Executive Service (SES) Performance Compensation Guidelines

We are approaching the end of the 2004 SES performance year and the beginning of the Performance Review Board (PRB) process. This has been a year of transition for the Senior Executive Service. The National Defense Authorization Act for FY 2004 required us to modify our performance management system and obtain certification of the system from the Office of Personnel Management (OPM) and the Office of Management and Budget. On April 28, 2004, Secretary Veneman submitted the new USDA performance management system to OPM, and requested certification. The USDA proposal was the first one submitted and it is posted on the USDA SES website ([www.usda.gov/da/ERSD.html](http://www.usda.gov/da/ERSD.html)). We have been advised that certification of plans will not occur until the new pay regulations are issued in final form. Draft regulations were published in the Federal Register on July 29, 2004 with a 30-day comment period. OPM is now reviewing the comments that were submitted on the draft regulations. What does this mean for this year's performance process? While we had hoped to have the new system certified by this point, we are going to proceed under the assumption that our plan will be certified and the full range of salaries (\$104,927 to \$158,100) will be available to us by the end of the year.

Attached are the approved 2004 Career SES Performance Compensation Guidelines. These guidelines were developed by a team of USDA executives and approved by the Secretary. They provide a range of options to rating officials and PRB members as they evaluate accomplishments. A key principle of the performance-based system is being able to make distinctions in performance. You will see on the chart that the base salary increases will vary by rating, with those rated outstanding able to receive the highest salary increases and bonus amounts. Rating officials can also recommend additional base salary increases that will require PRB approval if an employee demonstrates a sustained performance of high quality. Within each rating category, there are three bonus amounts available to again distinguish performance. And finally, rating officials and PRB's are encouraged to evaluate candidates for Rank Awards. New salary rates for employees will be implemented once certification is received, the employee is eligible, and the Secretary has approved the results of the PRB deliberations.

Your servicing personnel office is available to answer any questions you may have.

Attachment

## **2004 Career SES Performance Compensation Guidelines**

Once OPM certifies USDA's appraisal system, and at the beginning of every performance year, the Senior Performance Official, in consultation with the Secretary, will establish the compensation guidelines for the year. The compensation guidelines for appraisal year 2004 are attached along with examples of how to implement. Should OPM not certify USDA's appraisal system, revised guidelines will be issued.

Bonus amounts must be no less than 5% and no more than 20% of base salary. Only the Secretary has the authority to provide bonus amounts at levels above the standard bonus amounts as long as they do not exceed 20% of base salary.

### **Criteria for optional base salary increase:**

Employee demonstrates **sustained** performance of high quality significantly above that expected at the current base salary level. Prior year salary and ratings should be considered.

### **Criteria for performance bonus:**

Recognition of consistently good performance throughout the rating cycle with substantial achievement of agency's performance objectives. To further distinguish performance at each level, multiple bonus amounts are offered at each performance rating level. However, allocations of funds to the PRBs are the controlling amounts for dollars available.

### **Criteria for Presidential Rank Awards:**

Nominees for Distinguished and Meritorious awards are strong leaders, professionals, and scientists who achieve results and consistently demonstrate strength, integrity, industry and a relentless commitment to excellence in public service. The law provides that a Distinguished Rank Award be given for "sustained extraordinary accomplishment." A Meritorious Executive Rank Award is for "sustained accomplishment." There are additional criteria that must be met:

Employee holds a career appointment in the SES on the nomination deadline set by OPM (usually January 31 of the next calendar year after the Performance Appraisal Process)

Employee is employed by the agency on the nomination deadline (usually January 31 of the next calendar year after the Performance Appraisal Process)

Employee has at least 3 years of career or career-type Federal civilian service at the SES level

Individuals awarded a Distinguished or Meritorious rank are not eligible to receive the same rank award during the four fiscal years following the year the award was approved by the President. There is no restriction on receiving one award and then the other at a closer interval. There is no requirement that an individual receive a Meritorious award prior to receiving a Distinguished award.

**2004 Career SES Performance  
Compensation Guidelines**

Rating	Mandatory	Requires Secretary's Approval		
	Minimum Base Salary Increase* (base salary cannot exceed \$158,100)	Additional Base Salary Increase/Decrease* (base salary cannot exceed \$158,100)	Optional Performance Bonus**	Presidential Rank Awards (final approval required by OPM and the President)***
Outstanding	4% increase	up to 4.58% more	\$19,000; \$21,000; \$23,000	Distinguished award equals 35% of base salary; Meritorious award equals 20% of base salary at the time the awards are approved.
Superior	3% increase	up to 3% more	\$13,000; \$15,000; \$17,000	
Fully Successful	2% increase	up to 2% more	\$7,000; \$9,000; \$11,000	
Minimally Satisfactory	0% increase	up to 3% decrease	N/A	Ineligible
Unsatisfactory	0% increase	3% decrease, reassignment or removal from SES	N/A	Ineligible

Total compensation cannot exceed the Vice President's salary in one year; payout may occur over 2 years



Post employment restrictions apply to executives earning \$136,757 (86.5% of Executive Level II) or more

\*All percentage increases applied to base salary in effect before any mandatory increases

\*\*Secretary reserves authority for bonus levels above the standard bonus amounts not to exceed 20% of base salary

\*\*\*Up to 9% of SES career employees

**Examples of 2004 Career SES Performance  
Compensation Guidelines Implementation**

			Requires Secretary's Approval			Presidential Rank Awards **
Mandatory Increases			Optional Additional Base Salary Increases	Possible Bonus Levels*		
 If current salary is:	 And rating is:	Then base salary increases to:	The Secretary may approve an additional increase within the following range:	A	B	C
\$145,600 (cap)	Fully Successful	\$148,512	\$148,513 - \$151,424	\$7,000	\$9,000	\$11,000
	Superior	\$149,968	\$149,969 - \$154,336	\$13,000	\$15,000	\$17,000
	Outstanding	\$151,424	\$151,425 - \$158,092	\$19,000	\$21,000	\$23,000
\$133,312	Fully Successful	\$135,978	\$135,979 - \$138,644	\$7,000	\$9,000	\$11,000
	Superior	\$137,311	\$137,312 - \$141,310	\$13,000	\$15,000	\$17,000
	Outstanding	\$138,644	\$138,645 - \$144,750	\$19,000	\$21,000	\$23,000
\$127,707	Fully Successful	\$130,261	\$130,262 - \$132,815	\$7,000	\$9,000	\$11,000
	Superior	\$131,538	\$131,539 - \$135,369	\$13,000	\$15,000	\$17,000
	Outstanding	\$132,815	\$132,816 - \$138,664	\$19,000	\$21,000	\$23,000

Up to 9 % of career SES employees may receive Rank Awards; Distinguished award equals 35% of base salary; Meritorious award equals 20% of base salary at the time the awards are approved

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Total compensation cannot exceed the Vice President's salary in one year; payout may occur over 2 years

Post employment restrictions apply to executives earning \$136,757 (86.5% of Executive Level II) or more

Base Salary for SES cannot exceed \$158,100

Bonus totals limited by PRB allocations.

\*Secretary reserves authority for bonus levels above the standard bonus amounts.

\*\*Presidential Rank Awards require OPM approval